

A light gray world map serves as the background for the slide. The continents are outlined in a slightly darker gray, and the oceans are a lighter shade of gray. The map is centered on the Atlantic Ocean.

SOUTH AFRICA

LEVERAGING FRANCHISING FOR BUSINESS GROWTH AND NATIONAL DEVELOPMENT



Nic Louw

- 
- ➔ **New challenges since 1995**
 - ➔ **Greater emphasis on entrepreneurship**
 - ➔ **SME's essential for economic growth**
- But**
- ➔ **New businesses needed**



FRANCHISING IN SOUTH AFRICA



JOB CREATION

Prior to 1994 - underutilised

Not a numbers story

Quality story



ENTREPRENEURIAL DEVELOPMENT

➔ Historical dominated by large corporations and public sector

➔ Franchisee units contribute to economy

- ◆ absorbs labour
- ◆ more taxes paid to government
- ◆ demand for products and services increases



WEALTH CREATION

- ➔ Average direct job per franchise unit = 15
- ➔ Indirect job similar
- ➔ Average household = 4 to 5 people
- ➔ 785 000 jobs created in

Influence:



3.1 to 3.9 million people



Middle class



DEVELOPMENT OF PEOPLE

➔ 80% Failure for independent start-ups

➔ Franchising - Skills transfer

➔ Training and ongoing support

➔ Historically disadvantaged people

Particpate in Economy as:



owners



managers



senior employees



GROSS DOMESTIC PRODUCT

Franchising = 9 %

VS

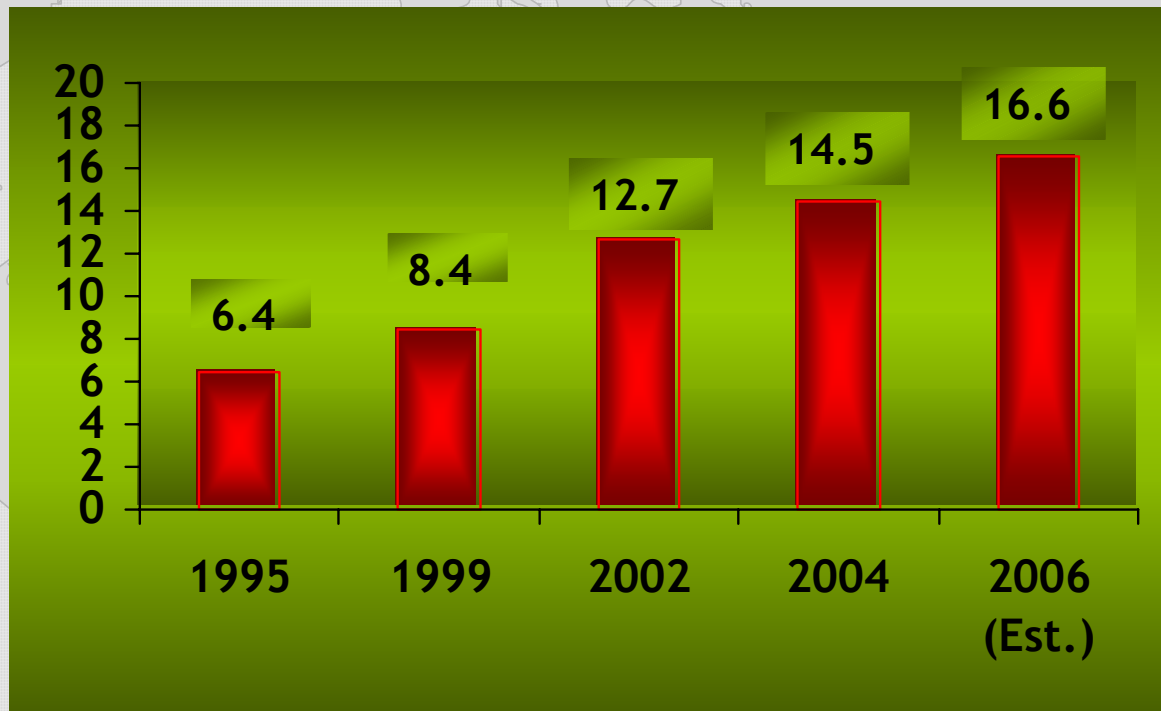
Agriculture = 2.1 %

Mining = 7.0 %

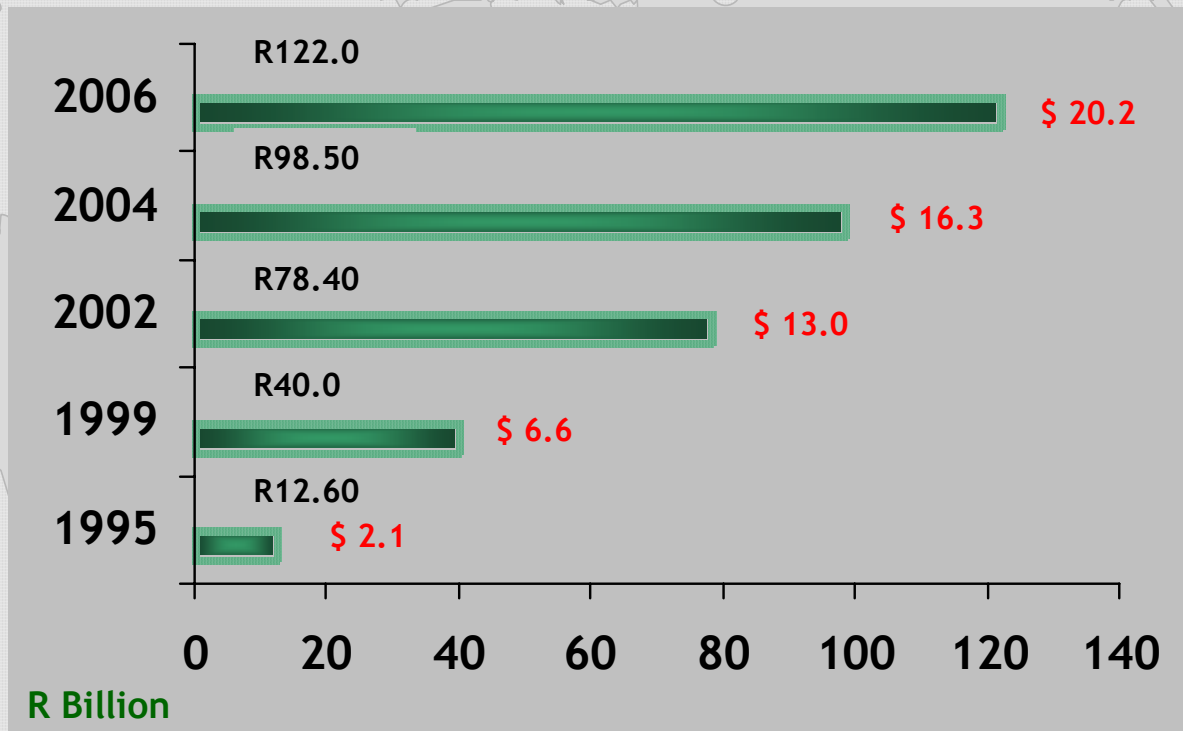
Manufacturing = 16.4 %



HOUSEHOLD EXPENDITURE



RETAIL SALES THROUGH A FRANCHISE (R & \$) – (EXCLUDING PETROLEUM)



RETAIL SALES (CONT.)

Consumer acknowledgement

➔ Top ten brands in fast food and restaurants

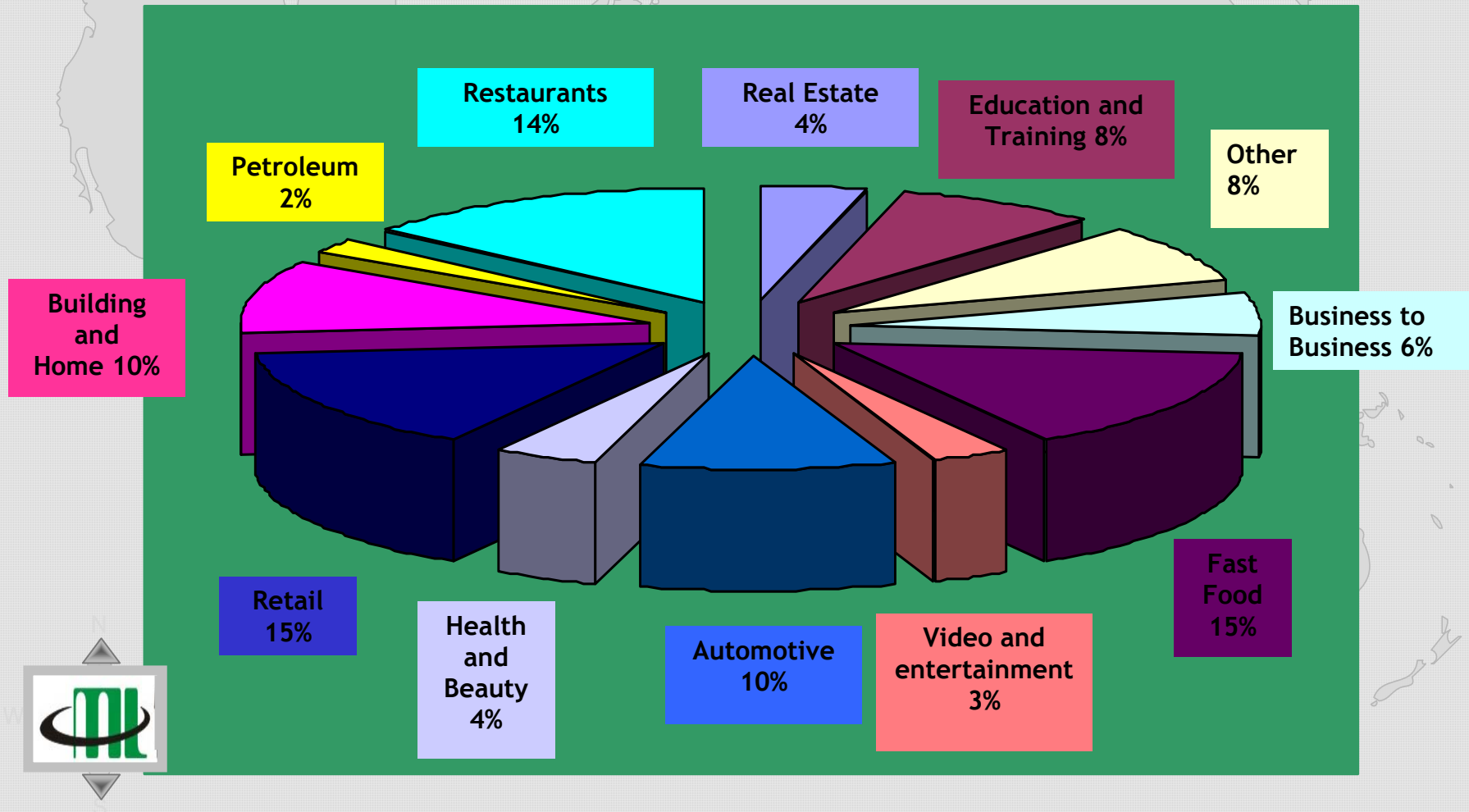
➔ Seven grocery and convenience Stores in top ten brands are Franchises. Top five franchises

➔ Trust and confidence = + 80%

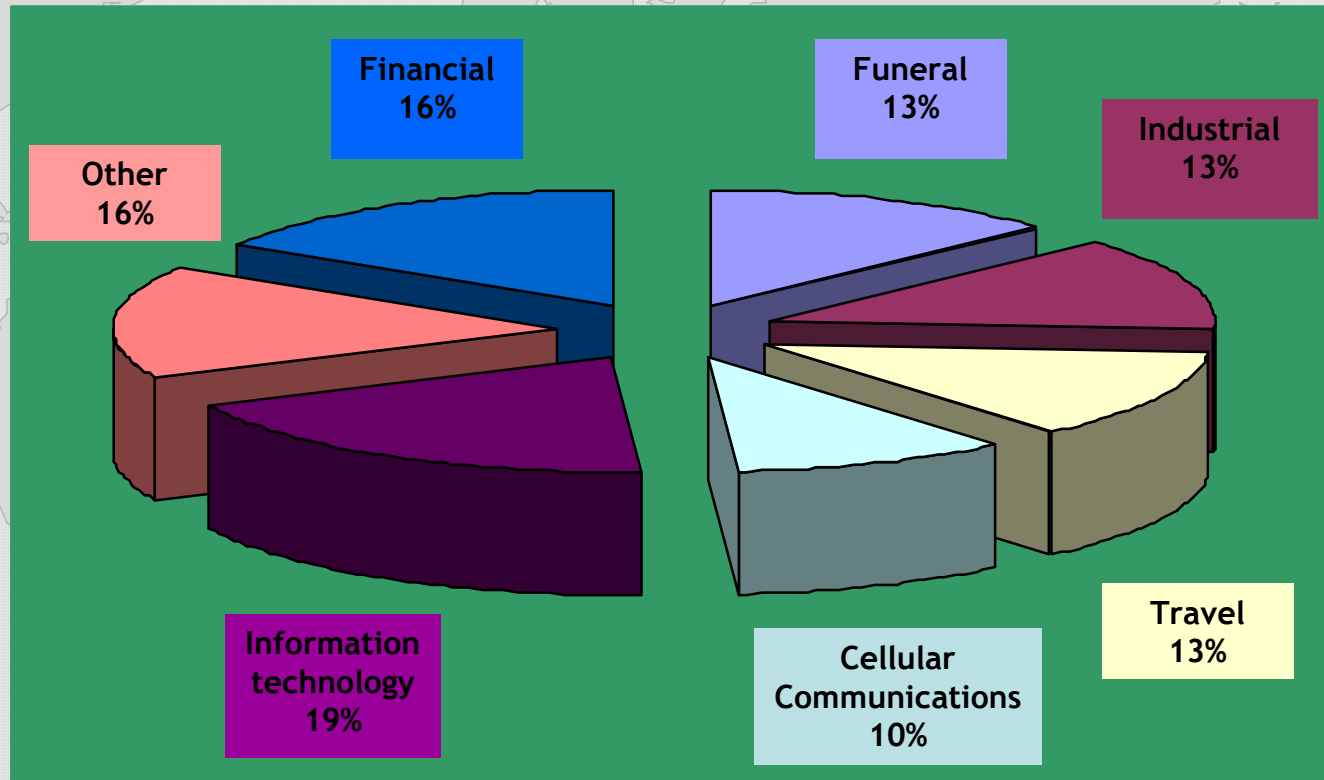
➔ Loyalty = + 72%



BUSINESS CATEGORIES

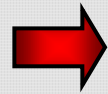


BUSINESS CATEGORIES (Continue)

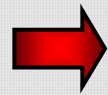


PART OF GLOBAL NETWORK

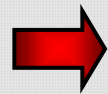
Advantages:



Attracts investment



Expertise and knowledge



Earns foreign currency



10% of franchised systems in South Africa are International



Nearly 60% of South African concepts international (Africa)



SOCIO-POLITICAL INFLUENCE

➔ Government BEE code

- ◆ Fast track re-entry of previously marginalised communities into economy
- ◆ Participation in growth and development not just to benefit from re-distribution of wealth
- ◆ Ownership, executive management participation

Franchising:

1995 = 9% (564)

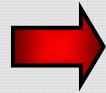
2004 = 23% (5773)

Average increase per annum

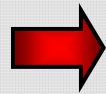
= +90%



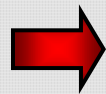
OTHER



Demographic



Geographic



Gender

Importance: Cultural and language



FOOD FOR THOUGHT

South Africa

Nigeria

Population

46 Million

126 Million

No. of Franchisees

25 200

69 023

Jobs

785 000

2.1 Million

Family influence 4

8 to 10 Million

